

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20036

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AUG - 5 1998

In the Matter of)

Operator Communications, Inc.)
d/b/a Oncor Communications, Inc.)

EMERGENCY PETITION FOR PARTIAL)
WAIVER OF THE COMMISSION'S)
CALCULATION METHOD FOR UNIVERSAL)
SERVICE CONTRIBUTIONS)

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

CC Docket No. 96-45
DA 98-1409

Reply Comments

Operator Communications, Inc. d/b/a Oncor Communications, Inc. ("Oncor"), by its attorneys and pursuant to Public Notice DA 98-1409 replies to the comments and oppositions filed in response to Oncor's above-captioned "Emergency Petition for Partial Waiver of the Commission's Calculation Method for Universal Service Contributions" (the "Petition").

Oncor's dramatic and sustained decline in revenue is not simply a year-to-year revenue fluctuation that virtually all telecommunications providers experience.¹ As stated in the Petition, Oncor is a carrier whose business primarily involves operator-assisted interexchange service from aggregator locations, mainly public telephones. Oncor has seen its traffic levels and revenues decline substantially in recent years. Whatever the reason for the declining traffic and revenues, there is no doubt that Oncor is experiencing such declines. In addition, for the reasons articulated

¹AT&T Opposition at 2; BellSouth Opposition at 2.

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in the Petition, it is likely that its revenue levels will continue to drop.² To label the financial crisis that Oncor is currently facing as yearly fluctuations that are to be expected in the ordinary course of business simply ignores the reality of Oncor's dire circumstances.³

When a company like Oncor is required to contribute to Universal Service this year based on revenue levels of last year, an unreasonably high portion of this year's revenues will go to support Universal Service. As noted in the Petition, when faced with this situation, Oncor only has two choices: to suffer a further reduction in net revenues or to pass the costs associated with the unreasonably high Universal Service contribution to its current customers in the form of higher rates.⁴ None of the parties that filed oppositions to the Petition addressed how a long and sustained decline in revenues results in unreasonably high contribution amounts and the impact on Oncor and its customers.

Oncor's substantial and sustained declines in revenue constitute special circumstances that warrant the grant of the requested waiver. In addition, the requested waiver is narrowly tailored to provide Oncor with the relief that it needs in light of its unique circumstances. Finally, the general policy of the Commission's rules,

²See Petition at 4-5.

³AT&T states that Oncor's request is unwarranted because the financial crisis that it is facing is the result of procompetitive factors. AT&T Opposition n.2. Irrespective of the specific reasons for Oncor's dramatic and sustained revenue decline, the substantial harm to Oncor constitutes good cause to warrant a partial waiver pursuant to Section 1.3 of the Commission's rules.

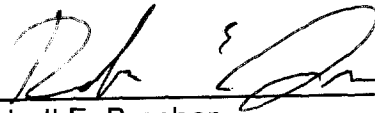
⁴See Petition at 6.

policies and procedures for calculating Universal Service contributions are served when Oncor is granted the necessary relief so that it can contribute its fair share into the Universal Service Fund without being unreasonably discriminated against.

WHEREFORE, Oncor respectfully renews its request for a waiver of the necessary Commission rules, policies and procedures, including any applicable procedures and formulas of the Universal Service Administrator, for calculation of its Universal Service contributions so that the revenue base to which the contribution factor is applied may be adjusted to more accurately reflect its current revenue level.

Respectfully submitted,

OPERATOR COMMUNICATIONS, INC
D/B/A ONCOR COMMUNICATIONS, INC.



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August 5, 1998

CERTIFICATE OF SERVICE

I, Melodie Kate hereby certify that on this 5th day of August, 1998 a copy of the foregoing *Reply Comments of Operator Communications, Inc. d/b/a Oncor Communications, Inc.* was served to each of the parties listed below:

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